

South Dakota Retirement System

1. Summary detail of federal funds by program and other funds by fund Governor's FY 2011 Budget Recommendation

| | <u>SDRS</u> |
|---------------|------------------|
| General Funds | \$ 0 |
| Federal Funds | 0 |
| Other Funds | <u>3,723,054</u> |
| Total | \$3,723,054 |

2. PROGRAM PRIORITIES

To plan, implement and administer income replacement programs, and to encourage additional savings for retirement, all of which offer SDRS members and their families the resources and opportunity to achieve financial security at retirement, death, or disability by providing an outstanding, appropriate and equitable level of benefits.

The South Dakota Retirement System administers a comprehensive state-wide public employee pension plan, a deferred compensation plan (Supplemental Retirement Plan) and a 401(a) termination pay plan (Special Pay Plan). Retirement, survivor, disability and termination benefits are provided by the plans, along with tax-efficient voluntary savings opportunities.

The goal of SDRS is to provide lifetime income replacement including primary Social Security and additional personal retirement savings, to meet the basic retirement income needs of at least 85% of a career member's final pay. Or as a stand alone goal, to provide lifetime income replacement of at least 55% of a career member's final pay from SDRS benefits.

Authority for the South Dakota Retirement System and associate programs and benefits is found in SDCL 3-12, 3-13 and 3-13A.

Program Cost:

| General Funds | Federal Funds | Other Funds | Total Funds |
|---------------|---------------|-------------|-------------|
| \$ 0 | \$ 0 | \$3,723,054 | \$3,723,054 |

ACCOMPLISHMENTS

In 2008, SDRS was recognized by the Pew Centerⁱ as one of the best-funded and most stable public employee retirement systems in the nation. SDRS Actuary, Buck Consultants, has confirmed that status remains, even after the market downturn of the last two years.

SDRS has been recognized by the CEM Benchmarkingⁱⁱ annual study as the lowest cost provider for small public employee retirement systems. This is accomplished while providing above average service levels.

SDRS has been recognized by The National Institute on Retirement Security (NIRS) for having the largest taxpayer investment factor. More economic output was created from pension payments in South Dakota than in any other state. The taxpayer investment factor presents the total impact of state and local pension benefit expenditures that are attributable to the “taxpayer investment”. Since SDRS requires member contributions and pre-funds benefit improvements, only a small portion of the total pension payments in any given year are funded through taxpayer dollars. Most of the pension payment comes from investment return.

An additional study by the USD Business Research Bureau confirms the results of the NIRS study which estimates that SDRS benefits have approximately \$336 million impact on South Dakota’s economy and supports over 2,500 jobs in the state.

SDRS was awarded the Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting for the 14th straight year. SDRS also received the Pension Coordinating Council Public Pension Standards award for the 5th straight year.

3. TRANSFERS

SDRS had no program transfers.

ⁱ PEW Charitable Trusts – The Pew Research Center, a Washington-based subsidiary, studies and promotes nonpartisan policy solutions for pressing and emerging problems affecting the American public and the global community.

ⁱⁱ CEM Benchmarking Inc. – A global cost and performance benchmarking company for internal and external pension and administration costs, service levels and industry best practices.